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UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEVADA

19 **PMM3, LLC**, a Nevada limited liability
20 company; **PHILOMENA MOLONEY**, an
21 individual; **TRAVIS GOLDRUP**, an individual;
22 and all others similarly situated,

23 Plaintiffs,

24 vs.

25 **WELLS FARGO BANK, N.A.**, a national
26 banking association,

27 Defendant.

Case No.

CLASS COMPLAINT FOR:

1. **AIDING AND ABETTING A FRAUD;**
2. **AIDING AND ABETTING BREACH OF FIDUCIARY DUTY ARISING FROM AN IOLTA TRUST ACCOUNT; and**
3. **NEGLIGENCE**

A CLASS ACTION WITH A JURY TRIAL DEMANDED

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I.

SUMMARY OF THE IOLTA CLASS ACTION AGAINST WELLS FARGO

1. This is a class action. It is brought by the named plaintiffs – PMM3, LLC, Travis Goldrup, and Philomena Moloney (“Plaintiffs”) - on behalf of approximately 200 similarly situated investors against Defendant Wells Fargo Bank, N.A. The class of investors lost over \$100 million of their money deposited for their protection into an Interest On Lawyers’ Trust Account (“IOLTA”) at Wells Fargo Bank. The IOLTA account was in the name of Beasley Law Group, PC and was at the Las Vegas, Nevada branch of Wells Fargo (hereinafter the “Beasley IOLTA 9558 Account” or “Account”). The trust Account was promised to be used for the deposit of Plaintiffs’ funds, and its existence and use was important to the Plaintiffs. But, the trust Account was actually used by a criminal enterprise to give an air of legitimacy to a Ponzi scheme that operated from no later than January 1, 2017, to March 3, 2022. The Ponzi scheme is referred to as the “Beasley/Judd Ponzi scheme.”

2. The Beasley/Judd Ponzi scheme ended on March 3, 2022, when Nevada attorney Matthew Wade Beasley of the Beasley Law Group, PC admitted he defrauded his client investors while speaking on the telephone with a hostage negotiator as he laid on the ground with a pistol on his chest bleeding from 2 gunshot wounds inflicted by authorities. Beasley was arrested by the FBI after a long standoff where he was threatening suicide because the fraudster did not want to go to jail. Once arrested the scheme collapsed. Ponzi schemes, along with the demented dreams of their operators, always ultimately collapse.

3. The Ponzi operators were, among others, Matthew W. Beasley (“Beasley”) and Jeffrey J. Judd (“Judd”) of J and J Consulting Services, LLC. Beasley operated the law firm receiving the stolen money and Judd solicited the customers, directed down-the-line sales brokers, and made lulling interest payments back to investors out of J and J Consulting Services, LLC (“J and J Consulting”) accounts, including a lulling payment account held at Wells Fargo Bank.

4. On April 13, 2022, the Securities and Exchange Commission (“SEC”) filed litigation against, among others, Beasley and Judd seeking to restrain their access to bank accounts and assets acquired with stolen money, to force them to account for the sources and uses of stolen funds and prohibiting them from destroying evidence. See the related matter of

1 *SEC v. Matthew Beasley*, et al. Case No. 2:22-cv-00612-JCM-EJY pending in this Court.
2 Plaintiffs incorporate the facts of the fraud asserted by the government in that civil case into the
3 class case at bar.

4 5. Beasley and Judd are the primary tortfeasors who should be incarcerated and
5 unable to respond to the damages suffered by the named plaintiffs and the class. Beasley and
6 Judd had no exit plan. Wells Fargo Bank is sued as a knowing aider and abettor that substantially
7 assisted the breach of fiduciary duties arising out of the existence of the IOLTA created trust by
8 the Beasley Law Group, PC. Beasley and Judd used the Beasley IOLTA 9558 Account as the
9 vehicle to commit their fraud. Beasley and Judd's fraud focused on friends, persons in the
10 construction industry, and members of the Mormon church.

11 6. IOLTA trust accounts are governed by rules and regulations promulgated by the
12 Nevada Supreme Court. IOLTA trust accounts serve an important public interest. Nevada
13 attorneys and law firms are required to create and maintain an interest-bearing trust account for
14 the deposit of clients' funds which are **nominal** in amount or to be held for a **short period** of
15 time at an approved participating financial institution.

16 7. Wells Fargo Bank is an approved participating financial institution in the state of
17 Nevada. Wells Fargo participated in the IOLTA program to generate additional accounts and
18 business from the Nevada legal community. As a participating bank, Wells Fargo must calculate
19 and pay the interest earned on the IOLTA accounts to the Nevada Bar Foundation. As an
20 approved financial institution and a bank that must calculate interest earned each month, it may
21 be reasonably inferred and is hereby alleged on information and belief that Wells Fargo Bank
22 monitored the Beasley IOLTA 9558 Account daily, or at a minimum at the end of each month
23 from 2017 to 2022. The monitoring from 2017 to 2022 is the equivalent of knowing about the
24 transactions taking place in the Account. The bank knows what it sees after it looks. After Wells
25 Fargo looked, Wells Fargo knew that Beasley and Judd were operating a Ponzi scheme and
26 Beasley was breaching his fiduciary duty to the clients depositing their money into the Beasley
27 IOLTA 9558 Account.

28 8. Since 2014, the Nevada Bar Foundation receives, manages, and distributes
IOLTA interest funds through grants to organizations that provide legally-related services to
Nevadans as well as access to justice for those who are unable to afford it. The amount of
IOLTA funds received by the Nevada Bar Foundation increased from \$2.7 million in 2017 to

1 \$4.9 million by 2021 - during the operation of the Beasley IOLTA 9558 account at Wells Fargo
2 Bank.

3 9. The Nevada Bar Foundation, through a committee, established a Leadership
4 Program to recognize financial institutions that participate in the IOLTA program. Wells Fargo
5 is a recognized leader in the IOLTA program. In 2019, the Trust Accounting Manual was
6 published by the Nevada State Bar which regulates the use of IOLTA accounts by lawyers and
7 financial institutions. It may be reasonably inferred and is hereby alleged on information and
8 belief that employees of Wells Fargo read the manual.

9 10. The Trust Accounting Manual recognizes that the willingness of people to trust a
10 stranger (like Matthew W. Beasley) with their money just because the stranger is a licensed
11 attorney in Nevada is critical for the creation of an efficient and productive business and legal
12 environment. As such, maintaining the existence of the public's trust in lawyers and the legal
13 system is the duty of every individual attorney and a matter of supreme public interest in
14 Nevada. To be able to exploit the public's trust in lawyers with trust accounts was the express
15 purpose of the criminals in using the IOLTA account. Below is the recorded transcript of the
16 sales pitch to Mike (an undercover potential investor) by Jongeward (a paid promoter) of the sale
17 of Beasley and Judd's unregistered securities and Ponzi scheme:

18 **MR. JONGEWARD:** Yeah, so we have an attorney that represents us ...

19 **MIKE:** Okay.

20 **MR. JONGEWARD:** ... we use his IOLTA account, his lawyer's trust account, and that
21 lawyer's trust account is a state bar regulated account. If you're not familiar with those it's ...

22 **MIKE:** Yeah.

23 **MR. JONGEWARD:** Yeah. It's very similar to an escrow account for real estate.

24 **MIKE:** And what's the attorney's name?

25 **MR. JONGEWARD:** His name is Matt Beasley, B-e-a-s-l-e-y, Beasley Law Group.

26 **MR. JONGEWARD:** ... this is all that Matt (Beasley) does. He puts all the purchase agreements
27 together. ... he works for Jeff, and we use his IOLTA account to pass money back and forth.
28 Then when capital comes in Matt (Beasley), Matt forwards it to Shane and then Shane forwards it
to me. So, when I reconcile every week -- for example this week -- I'll give you a little look here.
This week I have 51 contracts replacing and we placed about 23 - \$680,000 of new contracts as
well. So I'll have a total of \$553,750 that is going to -- that's going to be paid by me today, and I'll
do that through the Wells Fargo direct pay system, kind of a wire system --

MIKE: Okay

11. The Supreme Court of Nevada has recognized that the public has an interest in the
bank records of IOLTA accounts as part of maintaining the integrity of the profession. The
IOLTA funds are deemed to be held in trust by the lawyer acting in a fiduciary capacity to the

1 beneficiary owning an equitable interest in the funds deposited at the bank. Nevada Supreme
2 Court Rules require that all members of the state bar establishing an IOLTA account shall direct
3 their depository institution (here Wells Fargo) to remit interest or dividends on the average
4 monthly balance in the IOLTA account, to the designated tax-exempt foundation. To remit
5 interest on the average monthly balance in the account, the bank must look at the deposits and
6 withdrawals out of the account to determine the average monthly balance and calculate the
interest to be paid the Nevada Bar Foundation.

7 12. IOLTA account bank statements show the interest paid to the state bar for the
8 lawyer so the lawyer can reconcile his own trust books. IOLTA accounts prohibit overdraft
9 protection because overdrafts by lawyers using IOLTA trust accounts are strongly prohibited and
10 must be reported to the bar by the bank witnessing the insufficient funds on account. Beasley and
11 Judd knew that one bounced check would destroy the Ponzi scheme by requiring Wells Fargo to
12 report Beasley to the state bar. In response, investors and brokers were recommended by Judd to
13 open Wells Fargo bank accounts to accommodate direct transfers of stolen funds from Wells
14 Fargo accounts to the Beasley IOLTA 9558 Account and back to Judd's Wells Fargo account.
15 Named plaintiff MMP3 opened a Wells Fargo account to transfer funds to the Beasley IOLTA
9558 Account at Wells Fargo.

16 13. The Declaration of Amir Salimi (accountant for the SEC) filed in support of the
17 SEC's Application for a Temporary Restraining Order outlines Wells Fargo's breaches of the
18 terms of the Trust Accounting Manual and violations of the purpose and directives of the
19 Beasley IOLTA 9558 Account by allowing the lawyer to use the account to run an obvious Ponzi
scheme.

20 14. According to Salimi, from January 2017 to March 15, 2022, Beasley deposited
21 **\$491.5 million** into the Beasley IOLTA 5598 account at Wells Fargo. When Beasley opened the
22 trust account in early 2017, he told Wells Fargo he was a solo practitioner with gross sales of no
23 more than **\$350,000** per year. Beasley told Wells Fargo his gross sales were no more than
24 **\$350,000** per year so Wells Fargo knew that Beasley could not, legitimately, deposit
25 **\$491,500,000** - nearly a half of billion dollars - in client trust funds into the account at Wells
Fargo.

26 15. IOLTA accounts are intended to accommodate the deposit of "nominal" client
27 funds for a short period of time whereby the cost to open an individual trust account exceeds the
28 amount of money and time on deposit of the funds. The short-term interest to be earned on

1 \$491.5 million is not nominal. The short-term interest earned on the \$491.5 million and required
2 to be paid by Wells Fargo to the Nevada Bar Foundation was significant enough to trigger
3 oversight by Wells Fargo and the Bar Foundation.

4 16. Just prior to the gun battle in early March 2022, that wounded Beasley and
5 resulted in his arrest, Beasley was depositing over **\$28 million** per month in client funds into the
6 trust account and withdrawing over **\$30 million** per month for his co-conspirators to make
7 lulling payments (interest on investments), to pay cappers, and pay for their extravagant
8 lifestyles. Beasley's extravagant lifestyle included homes in Tahoe and Las Vegas. Judd's
9 perceived lifestyle needs included 4 homes, 2 Bentleys, 1 Rolls Royce, 1 Ferrari and a jet needed
10 to attend his daughter's performances in New York and his son's soccer games in Los Angeles.
11 The money used for personal necessities of the criminals came from defrauded investors that
12 included, for many, their entire life savings that they needed to survive into the uncertain future.

13 17. Salimi testified that the IOLTA account was established in the name of Beasley
14 Law Group, PC as a general IOLTA account. She declared that Matthew Beasley was the sole
15 signatory on the account from the time it was opened on January 26, 2017. The account opening
16 documents bear a handwritten signature of the name "Matthew Beasley." The date listed next to
17 this handwritten signature is January 26, 2017. Beasley is listed as "Owner with Control of the
18 Entity" and as having 100% of ownership of the Beasley Law Group, PC that had **\$350,000** per
19 year in gross income. The **\$491.5 million**, or a significant portion of it, paid by clients and
20 investors to the Beasley Law Group, PC was stolen by Beasley with the knowing assistance of
21 Defendant Wells Fargo. Wells Fargo's knowledge was acquired as the result of its ongoing
22 obligation to monitor the account as a participating financial institution and recognized leader of
23 the IOLTA program.

24 18. The monthly Account Summary Statements created by Wells Fargo from the
25 records of Wells Fargo for the Beasley IOLTA 5598 Account identified the \$491.5 million in
26 deposits of investors' money as being made to the Beasley Law Group, PC in increments of
27 \$40,000, \$50,000, \$80,000 or \$100,000.

28 19. The deposits of checks and wires of even numbered increments were
acknowledge, recorded, and approved by employees of Wells Fargo at the time of each deposit.
The Beasley Law Group, PC was the sole payee of these repetitive even numbered deposits. On
information and belief Wells Fargo understood that third parties who pay funds owed to clients
of lawyers by paying the lawyer directly, often include the client as a co-payee to assure that the

1 creditor knows the payment was made to his or her lawyer by the debtor-payor. This never
2 occurred at Wells Fargo in the Beasley IOLTA 5598 Account. The regular and systematic
3 checks and wires for \$40,000, \$50,000, \$80,000 or \$100,000 were made solely to the Beasley
4 Law Group, PC which would, with 2 IQ points, connote a scam of investments in unregistered
“securities” as alleged by the Securities and Exchange Commission.

5 **20.** In addition, clients paying fee retainers to lawyers expect the fee to be worked off
6 over time. Beasley was paid \$4.1 million per month in 2019, \$9.2 million per month in 2020,
7 \$20.4 million per month in 2021 and \$28.3 million per month in 2022. It would be physically
8 impossible for Mr. Beasley to earn \$350,000 per year in 2017 and then millions of dollars per
9 month afterwards in hourly time as a solo law practitioner. The bank had to conclude and
10 exclude the source of funds coming into the account as being client fee advances or unearned
11 retainers. The only explanation for Wells Fargo to grasp in its monthly monitoring was that the
12 trust res consisted of money for investments in unregistered “securities” by defrauded investors
as alleged by the Securities and Exchange Commission.

13 **21.** Wells Fargo could not have concluded that over \$20 million per month in 2021
14 and 2022 represented settlements payable to Beasley’s clients. No clients were named as co-
15 payees and the solo practitioner generating \$350,000 per year could not possibly generate
16 settlements for clients exceeding \$240 million per year in 2020 and 2021. That would, indeed,
17 result in over \$60 million to Beasley if engaged in contingency fees of 25%.

18 **22.** None of the deposits into the IOLTA account could be identified as insurance tort
19 settlements. None of the deposits were from law firms, lawyers, or insurance companies. The
20 deposits from investors in even numbered checks and wires included notations in the wire
21 instructions and on the face of the checks that the monies transferred to the lawyer in trust were
22 for “investment purposes.” The account was an IOLTA account and not an account to sell
23 unregistered securities. The deposits were inconsistent with any activity related to the practice of
24 law. The deposits were totally consistent with Beasley selling unregistered securities using an
IOLTA account with oversight by Wells Fargo and the state bar as proof of the safety of the
investment.

25 **23.** According to the SEC, the Account Summary Statements showed a clear pattern of
26 suspected Ponzi activity in the Beasley IOLTA 5598 Account that began as soon as deposits were
27 received around late January 2017. The receipt of cash from investors was followed by
28 **immediate** transfers out of the trust account to individuals promoting the investments (cappers).

Beasley's cappers included Judd's firms known as J&J Consulting Services, Inc. (Alaska), J&J Consulting Services, Inc. (Nevada), and/or J and J Purchasing LLC.

24. The pattern of Ponzi activity grew exponentially over the years, as is detailed in agent Salimi's table below. Because Ponzi schemes do not produce any real income, they must constantly grow in scope to pay for the promised interest to prior investors, to pay the cappers' fees, and to fund the luxury items sought after by these persons of low moral character. The average of monthly deposits into the Beasley IOLTA 5598 account grew exponentially as reflected below:

| Beasley IOLTA Account | | |
|-----------------------|-------------------------|--------------------------|
| Wells Fargo - 5598 | | |
| Year | Average Monthly Inflows | Average Monthly Outflows |
| 2017 | 583,907 | (546,036) |
| 2018 | 1,370,127 | (1,291,958) |
| 2019 | 4,147,822 | (4,096,741) |
| 2020 | 9,240,054 | (9,045,776) |
| 2021 | 20,435,193 | (20,317,308) |
| 2022 | 28,399,421 | (30,110,959) |

25. As for the outflows, from January 2017 through March 15, 2022, **\$487 million** was disbursed from the Beasley IOLTA 5598 Account in breach of trust. None of the disbursements from the Wells Fargo account were consistent with returning client funds to the clients of Beasley. None of the disbursements were consistent with paying Beasley a fee out of retainer money held in trust. None of the disbursements were related to the practice of law. And, none of the disbursements could be described as advance payments to tort plaintiffs, or their lawyers and associated law firms who had reached PI settlements with insurance companies. Below is a summary of the use of funds from the Beasley IOLTA 5598 account from January 1, 2017, to March 15, 2022. Wells Fargo knew about the disbursements because it physically caused the following transfers out of its IOLTA account:

a. **Jeffrey Judd**, Beasley's co-conspirator, received directly or benefited from disbursements of at least \$315.3 million. Judd would pay the lulling payments to

1 the investors in the Beasley/Judd Ponzi scheme. Payments of trust assets by Beasley to
2 Judd included:

- 3 i. Jeffrey Judd: \$131,850
- 4 ii. J & J Consulting Services: \$313.7 million
- 5 iii. The Judd Irrevocable Trust: \$1.4 million.

6 **b. Shane Jager** received directly or benefited from disbursements by
7 Beasley of at least \$37.3 million in trust assets including disbursements to:

- 8 i. Shane Jager: \$140,500
- 9 ii. Stirling Consulting, L.L.C.: \$37.2 million as income and to make lulling
10 payments.

11 **c. Christopher Humphries** received directly or benefited from
12 disbursements of at least \$31.1 million in trust assets, including disbursements to:

- 13 i. CJ Investments LLC: \$31.0 million
- 14 ii. Bug Raiders Pest Control, LLC: \$55,000.

15 **d. Matthew Beasley** received directly or benefited from disbursements of at
16 least \$17.2 million in trust assets, including disbursements to:

- 17 i. Matthew W. Beasley: \$80,000
- 18 ii. Beasley Law Group, PC: \$17.1 million for lifestyle enhancements.

19 **e. Denny Seybert** received directly or benefited from disbursements of at
20 least \$746,000 in disbursements of trust assets to Rocking Horse Properties, LLC

21 **f. Anthony Michael Alberto, Jr.** received directly or benefited from
22 disbursements of at least \$6.8 million in trust assets, including disbursements to:

- 23 i. Anthony Michael Alberto, Jr.: \$4.0 million
- 24 ii. Monty Crew, LLC: \$2.9 million.

25 **g. PAJ Consulting Inc ("PAJ")** received at least \$824,500.

26 **h. BJ Holdings LLC** received at least \$500,000.

27 **i. ACAC LLC by Chris Madsen** received at least \$11.7 million.

28 **26. Approximately \$411 million or 84% of the funds transferred out of the Beasley IOLTA 5598 Account from January 2017 to March 15, 2022 were to entities identified as controlled by the promoters of the scheme as follows: Judd from J & J Consulting Services: \$313.7 million, Shane Yaeger from Stirling Consulting LLC: \$37.2 million, Chris**

1 **Humphries** from CJ Investments LLC: \$31 million, **Beasley** from Beasley Law Group PC:
 2 \$17.1 million and **Warren Rosegreen** from Triple Threat Basketball, LLC: \$12.3 million.
 3 Money paid to the cappers was used, in part, to make lulling payments to investors.

4 27. Funds deposited into the Beasley IOLTA 5598 Account were also used to make
 5 direct Ponzi-like “return” payments to investors and to fund Beasley’s personal expenses
 6 directly out of the Beasley account at Wells Fargo. Such payments included over \$4 million to
 7 title companies, for the purchase of real estate.

8 28. Prior to the collapse, Beasley’s investors were receiving returns on what they
 9 believed to be legitimate investments, and thus, had not yet suffered a known injury on their
 10 investment. This action seeks to recover money to benefit the defrauded investors whose money
 11 was deposited in the Beasley IOLTA 5598 account at Wells Fargo Bank after Wells Fargo
 12 obtained knowledge Beasley was operating a fraudulent scheme - - by imposing liability on
 13 Wells Fargo as a co-conspirator, a knowing aider and abettor, a recipient of investors’ stolen
 14 funds, and a negligent bank.

15 29. Plaintiffs understand that a bank owes no duty under the Bank Secrecy Act to
 16 police a depositor for the benefit of non-depositors. However, some of the named plaintiffs were
 17 depositors at Wells Fargo Bank with the money paid to Beasley coming from their Wells Fargo
 18 accounts creating an obligation by Wells Fargo to act with competence as to their funds on
 19 deposit. As to non-depositor class members, the Plaintiffs allege that once a bank acquires
 20 actual knowledge that a depositor is using the bank to steal from non-depositors the financial
 21 institution has a duty to non-depositors to, among other things, terminate the banking
 22 relationship with the defalcating depositor. At a minimum, a reasonably prudent bank must
 23 refrain from assisting in the fraud, which is foreseeably injuring depositors and non-depositors
 24 alike.

25 II.

26 JURISDICTION AND VENUE

27 30. This Federal District Court may exercise jurisdiction over this Class Action
 28 pursuant to 28 U.S.C. § 1332 because the Plaintiffs are residents of Texas and Nevada, and
 Wells Fargo Bank is a resident of the state of South Dakota for complete diversity. The Court
 has additional grounds for jurisdiction under the Class Action Fairness Act (“CAFA”) because
 class members reside in multiple states other than South Dakota and the amount in controversy

1 exceeds \$5 million. The residences of the Class members known to the Plaintiffs are Texas,
 2 Nevada, Washington, California, and Utah. The perpetrators of the fraud targeted construction
 3 workers and members of the Church of Latter-Day Saints ("LDS"). The matter is a complex
 4 Class Action.

5 **31.** This Court has personal jurisdiction over the defendant named in the Complaint
 6 because Wells Fargo Bank conducted business in Nevada, and it participated in a Nevada based
 7 fraudulent scheme that injured Nevadans. Venue is proper in this District because the conduct at
 8 issue took place and had an effect in this District and Wells Fargo regularly conducted and still
 regularly conducts substantial banking business in this District.

9 **III.** 10 **PARTIES**

11 **32.** Plaintiff PMM3, LLC ("PMM3") is a limited liability company doing business
 12 in Clark County, Nevada who invested \$100,000 in Judd and Beasley's business on January 21,
 13 2021 to be repaid within months and earn interest on the short term investment. PMM3's was
 14 told its \$100,000 would be deposited into the Beasley IOLTA account at Wells Fargo Bank and
 15 the LLC relied on this representation about the use of a monitored trust account as evidence of
 16 the security and safety of the investment. The Plaintiff's funds were deposited into the IOLTA
 17 account as promised. Beasley and Judd also represented to PMM3 that its investment funds
 18 would be used to provide temporary financial relief for a victim of a personal injury. The debt
 19 would be repaid after receipt of the funds by the injured victim from the defendant's insurer.
 20 Neither Beasley or Judd disclosed to PMM3 that its investment funds would be used to pay
 back other investors or used for other purposes. Had PMM3 known the truth it would not have
 transferred its money to the Beasley IOLTA account.

21 **33.** Plaintiff Philomena Moloney ("Moloney") is an individual living and doing
 22 business in Clark County, Nevada and she invested \$100,000 in the same Beasley/Judd Ponzi
 23 scheme. It was represented to Moloney that her investment would be used to provide temporary
 24 financial relief for a victim of a slip and fall accident. It was represented to Moloney that her
 25 investment would be deposited into a lawyer monitored trust account called an IOLTA account
 26 at Wells Fargo Bank and her money was in fact deposited into such an account at said bank as
 27 was represented. Had Moloney known the truth that her investments funds would not be used
 as represented, she would not have invested her money with Judd and Beasley.

28 **34.** Plaintiff Travis Goldrup ("Goldrup") is an individual residing in Houston,

1 Texas who invested \$10,000 in Judd's and Beasley's business on October 21, 2020, and
 2 another \$30,000 on January 10, 2022. Goldrup was to be repaid interest on the short-term
 3 investments, but instead allowed the interest to accumulate into additional principal on other
 4 loans to personal injury victims in need of the money. Goldrup's \$40,000 was deposited into
 5 the Beasley IOLTA account at Wells Fargo to be monitored by Wells Fargo as was represented
 6 by Judd to Goldrup. Neither Beasley nor Judd disclosed to Goldrup that his investment funds
 7 would be used to pay back other investors or used for other purposes. Had Goldrup known the
 truth he would not have invested his money with Judd and Beasley.

8 35. Plaintiffs PMM3, Moloney and Goldrup will collectively be referred to herein as
 9 "Plaintiffs".

10 36. Defendant Wells Fargo Bank is a national banking association headquartered in
 11 South Dakota for purposes of diversity jurisdiction and does substantial business throughout the
 United States including in the state of Nevada.

12 IV.

13 AGENCY ALLEGATIONS

14 37. During the relevant time the employees and agents of Wells Fargo Bank were
 15 acting within their course and scope of employment and agency for Wells Fargo.

16 38. Plaintiffs allege that the actions of the Defendant were done in collaboration and
 17 collusion with Beasley and Judd while acting in furtherance of their agreement to perpetuate the
 18 unlawful scheme after it was discovered to exist by Wells Fargo as part of its obligations to the
 19 bar association and public to monitor IOLTA accounts opened at the bank by lawyers. Wells
 20 Fargo's agents working with Beasley and Judd were acting in the course and scope of their
 21 employment and agency with Wells Fargo and the Defendant authorized or ratified the acts of
 its agents as detailed herein.

22 V.

23 INFORMATION ALLEGATIONS

24 39. Allegations made in this Complaint have been based on information and belief,
 25 except those allegations that pertain directly to the Plaintiffs, which are based on Plaintiffs'
 26 personal knowledge. Plaintiffs' information and belief is based on, *inter alia*, the investigation
 27 conducted by Plaintiffs and Plaintiffs' attorneys after their retention which was after Beasley
 28 was shot. Each allegation and factual contention contained in this Complaint has evidentiary

1 support or, alternatively, is likely to have evidentiary support after reasonable opportunity for
2 further investigation or discovery by Plaintiffs or their counsel.

3 **VI.**

4 **CLASS ACTION ALLEGATIONS**

5 **40.** Plaintiffs bring this action on their own behalf and as Class representatives
6 pursuant to Federal Rules of Civil Procedure, Rule 23. The Class is defined, for now, as:

7
8 Those persons that suffered Net Loss damages by investing money with Beasley
9 and Judd that was deposited into the Beasley IOLTA 5598 account at Wells Fargo
Bank (herein referred to as the "Members of the Class" or the "Class Members").

10 Excluded from the definition of the Class are the Defendant and any person, corporation,
11 or other entity related to, controlled by, or affiliated with the Defendant. Also excluded from the
12 class are "Net Winners" who are persons who invested money with Beasley and Judd and were
13 repaid their principal whereby the amount repaid exceeds the total amount invested. Included in
14 the term "Persons" in the definition of the Class are entities, representatives of these entities and
15 assignees.

16 **41.** The members of the Class are so numerous that joinder of all of them is
17 impracticable. There are dozens of Class Members residing in Nevada and elsewhere. At
18 present, it is believed that there are over 200 Class Members.

19 **42.** There are questions of law and fact which are common to the Class and which
20 predominate over questions affecting any individual Class Member. The common questions
include, *inter alia*, the following:

21 **a.** Did Beasley and Judd commit a uniform fraud on the persons investing in the
22 Beasley/Judd Ponzi scheme?

23 **b.** Did Wells Fargo know that Beasley was committing fraud on persons depositing
24 money in the Beasley IOLTA account at Wells Fargo?

25 **c.** Did Wells Fargo know that Beasley was breaching his fiduciary duty owed to
26 persons depositing money into the Beasley IOLTA account at Wells Fargo?

27 **d.** Did the Class Members purchase unregistered securities from Beasley and Judd
28 which was assisted by Wells Fargo?

1 e. Did Wells Fargo knowingly provide substantial assistance to the fraud
2 committed by Beasley and Judd by physically accepting and dispersing the investors' money
3 derived from the false promises?

4 f. Did Wells Fargo knowingly provide substantial assistance to Beasley, the
5 lawyer, in breaching his fiduciary duty to his clients who were depositing client funds into the
6 Beasley IOLTA account at Wells Fargo?

7 **43.** The claims of the Plaintiffs are typical of the claims of the Class as a whole. The
8 Plaintiffs are members of the Class and have suffered harm and are likely to continue to suffer
9 harm due to the misconduct alleged herein.

10 **44.** Plaintiffs will fairly and adequately protect the interests of the Class. The
11 interests of Plaintiffs are consistent with and not antagonistic to the interests of the Class.
12 Plaintiffs have sought out and retained counsel experienced in complex class actions to recover
13 their damages. Plaintiffs have agreed to act for the benefit of all persons similarly situated and
14 not to put their individual interest ahead of any member of the Class.

15 **45.** The prosecution of a multitude of separate actions by individual members may
16 establish incompatible standards of conduct for the parties opposing the Class, may substantially
17 impair or impede the interests of other members of the Class to protect their interests, and may
18 result in waste.

19 **46.** The acts and actions of the Defendant applicable to the Plaintiffs apply generally
20 to the Class, thereby making the final relief granted by the Court to the Plaintiffs applicable to
21 the Class as a whole.

22 **47.** This Class Action and only this case would be superior to other available
23 methods for the fair and efficient adjudication of the controversy between the parties. The
24 interest of most members of the Class in individually controlling the prosecution of separate
25 actions appears low, due to the complexity of the case. Most members would be unable or
26 unwilling to individually prosecute an action without joining their claims with other claimants
27 which is generally difficult. Separate suits would be impractical because of the number of
28 victims and the dollar amount at stake for each victim. Concentrating litigation in this forum
will also promote judicial efficiency.

48. This proposed Class Action is very manageable because the issues at stake for
each Class Member are the same, the Class Members lost enough to want to participate, the
number of Class Members make prosecution of the collective claims efficient, the documents

1 establishing liability and the loss amounts are in Las Vegas with Wells Fargo and ultimately the
 2 bankruptcy trustee, and the criminal prosecutions of Judd and Beasley will take place in Las
 3 Vegas producing more evidence to implicate Wells Fargo.

4 **VII.**
CLAIMS

5 **FIRST CLAIM FOR RELIEF**

6 **Aiding and Abetting A Fraud by A Lawyer using An IOLTA Account**

7
 8 **49.** Plaintiffs incorporate the prior paragraphs as if fully set forth herein. The
 9 Plaintiffs must prove two cases – (i) the fraud by the primary tort feasons and (ii) the aiding and
 10 abetting of the fraud by the bank. Beasley has admitted to the underlying fraud by Beasley and
 11 Judd which admission includes uniform false promises, the reasonable reliance by the Plaintiffs
 12 when parting with their money, and the presumption of reasonable reliance for the members of
 13 the class pursuant to *Risinger v. SOC LLC*, 708 Fed. Appx. 304 (9th Cir. 2017). The two primary
 14 tort feasons (Beasley and Judd) defrauded the investors by falsely promising to invest the
 15 proceeds of their investments deposited at Wells Fargo into loans to victims of personal injuries.
 16 The investments were ostensibly for humanitarian purposes coupled with a high rate of return.
 17 The key for all Plaintiffs to trust Beasley and Judd was their reliance on the true representation
 18 that the investors' funds would be deposited into the Beasley IOLTA 9558 trust account
 19 monitored by Wells Fargo bank. The Beasley trust account was real. The Beasley IOLTA 9558
 20 trust account was uniformly advertised by Beasley, Judd and the brokers selling the investments
 as described by Mr. Jongeward when he was interviewed by Mike an undercover investigator.
 Jongeward said:

21 ... we use his (Beasley's) IOLTA account, his lawyer's trust account, and
 22 that lawyer's trust account is a state bar regulated account. If you're not
 23 familiar with those it's ... It's very similar to an escrow account for real
 estate.

24 **50.** Within a short period of time after opening the Beasley IOLTA 9558 account,
 25 Wells Fargo Bank had actual knowledge of the primary wrong of fraud being committed by
 26 Beasley because Wells Fargo knew the funds held in trust were not client funds of a nominal
 27 amount held for a short period of time. Wells Fargo knew the trust funds were not being
 28 returned to the clients, directed by the Plaintiffs to be paid over to third parties, or consumed by
 the attorney as fees incurred pursuant to thousands of retainer agreements in increments of

1 \$40,000, \$50,000, \$80,000 or \$100,000. Instead, Wells Fargo knew the account received
 2 deposits of hundreds of millions of dollars from an attorney grossing \$350,000 per year and the
 3 money was then immediately transferred out in large transfers to third parties unrelated to the
 4 clients depositing the funds. Wells Fargo knew the account was not the type to allow the lawyer
 5 to transfer the interest earned on the funds to the Nevada Bar Foundation for charitable
 6 purposes.

7 **51.** Within a short period of time after opening the Beasley IOLTA 9558 account,
 8 Wells Fargo Bank had actual knowledge that the sources of funds coming into the account were
 9 not client fee advances, unearned retainers or settlements from third parties. Based on the flow of
 10 the **\$491.5 million** into and the **\$487 million** out of the account, the only explanation for Wells
 11 Fargo to grasp was the same conclusion reached by the SEC after a cursory review of the
 12 account - that the money was for investments in unregistered "securities" by investors who
 13 trusted Beasley believing he was a Nevada lawyer with a valid IOLTA account monitored by
 14 Wells Fargo - **"very similar to an escrow account for real estate."**

15 **52.** As the direct and proximate result of Defendant's aiding and abetting the fraud,
 16 the scheme ensnared Plaintiffs and the other Class Members causing them to deposit their
 17 money with Wells Fargo to be immediately stolen by Beasley and Judd with the substantial
 18 assistance of Wells Fargo, and the Plaintiffs were damaged in amounts to be proven at trial. The
 19 conduct of Wells Fargo was intentional, willful, malicious, and oppressive, by virtue of which
 20 Plaintiffs pray for an award of exemplary and punitive damages.

21 **SECOND CLAIM FOR RELIEF**

22 **Aiding and Abetting Breach of Fiduciary Duty**

23 **53.** Plaintiffs incorporate the prior paragraphs as if fully set forth herein.

24 **54.** Beasley was a lawyer and the trustee of the trust used to receive the Plaintiffs
 25 funds for investment and to deceive the Plaintiffs. Wells Fargo knew that Beasley was a lawyer
 26 and the trustee of the Beasley IOLTA account at Wells Fargo because Wells Fargo opened the
 27 account, monitored the debits and credits, and reported the results to the Nevada Bar Foundation
 28 before transmitting funds for charitable giving to citizens of Nevada. As a trustee and lawyer,
 Beasley owed fiduciary duties to the beneficiaries of the Beasley IOLTA 9558 trust account and
 Wells Fargo knew it.

1 55. Beasley owed the beneficiaries of the IOLTA trust the duty to use an IOLTA
 2 trust only when appropriate and an IOLTA trust was not appropriate for holding the receipt of
 3 **\$491.5 million** and the disbursement of the **\$487 million**. Beasley owed the beneficiaries of the
 4 IOLTA trust the duties to: (i) safeguard the trust res as directed; (ii) disburse the funds to the
 5 clients or their assigns as directed; (iii) and accurately account for the disbursements.

6 56. Within a short period of time after opening the Beasley IOLTA 9558 account,
 7 Wells Fargo Bank had actual knowledge of the primary wrong of breach of fiduciary duty being
 8 committed by Beasley because **Wells Fargo knew**: (i) that Beasley had told Wells Fargo his
 9 gross sales were no more than **\$350,000** per year so Wells Fargo knew that Beasley could not
 10 possibly deposit **\$491,500,000** in client trust funds into the Beasley IOLTA 5598 account at
 11 Wells Fargo from early 2017 to early 2022; (ii) none of the deposits into the IOLTA account could
 12 be identified as insurance tort settlements, deposits from law firms, lawyers, or insurance
 13 companies, in short the deposits were inconsistent with any activity related to the practice of
 14 law; (iii) the deposits from investors were in even numbered checks and wires including
 15 notations in the wire instructions or on the face of the checks that the monies transferred to the
 16 lawyer were for "investment purposes;" and (iv) the deposits were totally consistent with
 17 Beasley selling unregistered securities using an IOLTA account with oversight by Wells Fargo
 18 and the state bar as a sales pitch to prove the safety of the investment when it was not safe.

19 57. Wells Fargo substantially assisted Beasley's breach of fiduciary duty by
 20 accepting the **\$491.5 million** and disbursing the **\$487 million** to the detriment of the Plaintiffs
 21 in an amount to be proven at trial. The conduct of Wells Fargo was intentional, willful,
 22 malicious, and oppressive, by virtue of which Plaintiffs pray for an award of exemplary and
 23 punitive damages.

24 **THIRD CLAIM FOR RELIEF**

25 **Negligence**

26 58. Plaintiffs incorporate the prior paragraphs as if fully set forth herein.

27 59. Wells Fargo owed a duty of care to all Plaintiffs to act as a reasonably prudent
 28 bank under the same or similar circumstances.

 60. After Wells Fargo obtained the actual knowledge that Beasley and Judd were
 defrauding innocent investors, it had the duty to act like a reasonably prudent bank.

CLASS ACTION COMPLAINT

IX.
JURY DEMAND

Plaintiffs demand a jury trial.

Dated: April 20, 2022

Respectfully submitted,

/s/ Brad M. Johnston

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